

Message Text

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47 41
ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-15 L-03 H-03

MC-02 XMB-07 TRSE-00 PA-03 PRS-01 USIA-15 DRC-01 /117 W
----- 067500

P R 261325Z SEP 73
FM AMCONSUL ISTANBUL
TO SECSTATE WASHDC PRIORITY 4571
INFO AMEMBASSY ANKARA PRIORITY
AMEMBASSY BEIRUT
AMEMBASSY BRUSSELS
AMEMBASSY TEHRAN

LIMITED OFFICIAL USE ISTANBUL 3187

E.O. 11652: N/A
TAGS: ETRM, TU
SUBJECT: CIVAIR - THY REEQUIPMENT

REF: BEIRUT 11233

1. AS ANTICIPATED REFTTEL, THY ANNOUNCED SEPTEMBER 25 IT HAD SIGNED LETTER-OF-INTENT TO PURCHASE, SUBJECT TURKISH GOVERNMENT APPROVAL AND ADEQUATE FINANCING, FOUR BOEING 727-200 TRIJETS VALUED AT \$40 MILLION, INCLUDING SPARES. AIRCRAFT SCHEDULED 1974 DELIVERY; TWO IN NOVEMBER AND TWO IN DECEMBER. THEY WILL BE CONFIGURED AT 167 ALL-ECONOMY SEATS AND WILL BE CAPABLE SERVICING ANY CITY CURRENTLY ON THY ROUTE NETWORK. LETTER OF INTENT ALSO INCLUDES OPTIONS FOR TWO ADDITIONAL 727-200 TRIJETS FOR 1979# DELIVERY.

2. IN CALL ON GENERAL YELMAN THY GENERAL MANAGER BY CONGEN OFFICER TO DISCUSS PROPOSED PURCHASE YELMAN POINTED OUT THAT 727'S WOULD BRING BALANCE AND FLEXIBILITY TO THY FLEET AS SEATING CAPACITY FITTED NICELY BETWEEN DC-9 AND DC-10. HE CHAGRINED NEWSPAPER COVERAGE HIS ANNOUNCEMENT HAD FOCUSED ON HIS REMARKS THAT

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DOMESTIC FARES NEED TO BE RAISED. IN ELABORATING THIS THEME GENERAL

YELMAN NOTED THAT THERE HAD BEEN NO FARE INCREASE IN 14 YEARS AND DURING THIS PERIOD FUEL AND PERSONNEL COSTS HAD RISEN 100PCT. LAST YEAR THY HAD LOST TL 145 MILLION ON ITS DOMESTIC FLIGHTS BUT HAD MANAGED TO STAY IN BLACK DUE TO INTERNATIONAL OPERATIONS. THIS YEAR HE WAS NOT SURE THY WOULD REMAIN IN BLACK BECAUSE OF INCREASED COSTS ASSOCIATED WITH PURCHASE DC-10'S. GENERAL YELMAN SAID THAT NEGOTIATION NEW EMPLOYEE CONTRACT WOULD SOON TAKE PLACE AND THAT EVEN WITH 30 TO 35 PERCENT INCREASE IN LOCAL FARES HE DOUBTED DOMESTIC OPERATIONS WOULD BREAK EVEN. IN ANY CASE GOVERNMENT WOULD DECIDE ON AMOUNT OF INCREASE. IN RESPONSE QUESTION WHETHER THY WOULD NEED INCREASE IN CAPITALIZATION TO PURCHASE 727-200'S GENERAL YELMAN SAID HE THOUGHT THIS NOT NECESSARY AS THY EXPECTING TREASURY TO PAY TL 100 MILLION FROM EARLIER AUTHORIZATION OF CAPITAL INCREASE FOR A TOTAL OF TL 400 MILLION. NONETHELESS, HE PROJECTING FUTURE INCREASE TO TL 900 MILLION. YELMAN REQUESTED CONGEN USE ITS GOOD OFFICES TO OBTAIN SUITABLE EXIM FINANCING ALONG LINES OF DC-9 AND DC-10 PURCHASES.

3. JOEL TUCKER WHO SIGNED LETTER-OF-INTENT BEHALF BOEING TOLD CONGEN THAT BOEING TEAM SCHEDULED ARRIVE ISTANBUL NEXT WEEK TO WORK OUT DETAILS PURCHASE AGREEMENT AND PROPOSAL FOR EXIM PRELIMINARY COMMITMENT.
MACE

NOTE BY OC/T: ISTANBUL 3187 PARA 1(#) AS RECEIVED. WILL SERVICE UPON REQUEST.

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